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20 March 2000.

OUR REF  
YOUR REF.

**PRIVILEGED AND CONFIDENTIAL**

Credit Suisse First Boston (Cyprus) Ltd.,  
199 Christodoulou Hadjipavlou Avenue,  
P.O.Box 57530,  
3316 Limassol,  
Cyprus.

Dear Sirs,

**Re: Cyprus Banking Matter - Cyprus Law Opinion**

As independent lawyers with expertise in Cyprus banking and regulatory matters, we have been asked by Credit Suisse First Boston ("CSFB") to summarise the law of the Republic of Cyprus ("Cypriot Law") in connection with CSFB's requested participation in a hearing before a Committee of the United States House of Representatives ("Committee"), which, as we understand, may refer to certain accounts and transactions related to customers of Credit Suisse First Boston (Cyprus) Ltd ("CSFB Cyprus").


In summary, the position under Cypriot Law is as follows:

- (i) Cypriot Law applies to what is contained and contemplated in customers' communications to CSFB Cyprus.
- (ii) The applicable law of Cyprus includes the doctrine of bank secrecy and/or confidentiality. This doctrine emanates from the common law (in particular the Tournier case) and generally prohibits a bank from disclosing any information relating to a customer or transactions with or for a customer, including whether a person or entity is even a customer of the bank. The doctrine is now incorporated, in statutory form, in the Banking Law of the Republic of Cyprus, Law 66(I)/97 (the "Banking Law"). The basic prohibition is set out in s.29(1), and the various exceptions thereto appear in s.29(2).

- (iii) We understand that CSFB has been asked by the Committee to address questions concerning possible customer relationships of CSFB Cyprus and transactions entered into by CSFB Cyprus with or for its customers. Unauthorised disclosure of such information would constitute a breach of s.29(1) of the Banking Law.
- (iv) Exceptions in s.29 permit disclosure where the information is given to the police under the provisions of any Law, or to a public officer who is duly authorised under that Law to obtain that information, or to a court in the investigation or prosecution of a criminal offence under any such Law. References in s.29 to "Law," however, are clearly to Cypriot Law, and the phrase "public officer duly authorised under the relevant Law" refers to a public officer duly authorised under Cypriot Law. Assuming that the request received by CSFB from the Committee was made in accordance with applicable United States law, CSFB as well as CSFB Cyprus would nevertheless be committing a breach of s.29(1) of the Banking Law, incurring both criminal penalties and civil liability to the customer of CSFB Cyprus whose affairs would be disclosed.
- (v) Cyprus Banking units are under the supervision of the Central Bank of Cyprus. The relevant Central Bank Law vests the Central Bank with considerable powers of supervision regarding the activities of Banking units in Cyprus, including CSFB Cyprus.
- (vi) Sanctions for a bank's violation of Cypriot Law by unauthorised disclosure of customer information therefore include criminal penalties, civil liability and regulatory sanctions.
- (vii) Cypriot Law requiring nondisclosure of information relating to bank customers is not without exceptions, as noted above. In particular, a customer may waive its Cypriot bank's legal obligation of nondisclosure by authorising the Cypriot bank to disclose information to third parties, to the extent of the waiver. Also, a Cypriot court order authorising disclosure under any Law would not involve a breach of confidentiality obligations, as stated in (iv) above.

In summary, CSFB and CSFB Cyprus cannot and should not disclose the requested information to the Committee without complying with Cypriot Law, which, under the present circumstances (and in the absence of a Cypriot court order), is limited to securing a waiver from its customer(s).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'P.G. Polyviou', followed by a horizontal line and a checkmark-like flourish.

P.G. Polyviou  
Chryssafinis and Polyviou  
Advocates

PGP/ak.

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## TO WHOM IT MAY CONCERN

ZÜRICH, March 14, 2000

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### Swiss Banking Secrecy

### Ladies and Gentlemen

As independent lawyers with expertise in banking and regulatory matters, we have been asked by Credit Suisse First Boston ("CSFB") to briefly summarize the existing laws and rules on Swiss Banking Secrecy in connection with the participation of CSFB in a hearing before the US Congress, which, as we understand, might also refer to customer relationships maintained with CSFB Zurich.

We would like to summarize the applicable Swiss rules as follows:

### Legal Basis of Banking Secrecy

The duty to secrecy (or confidentiality), also referred to as the "Banking Secrecy", arises out of the relationship entered into between a bank and its customer and is considered to be an important aspect of the customer's right on privacy. Banking Secrecy covers all data that have come to the knowledge of the bank as a consequence of the business relationship between the bank and a customer, including requests and offers for transactions, irrespective of whether actually executed or not and the Secrecy remains binding upon the bank even after formal termination of the bank - customer relationship. Likewise, a bank employee remains bound by the Banking Secrecy obligations even after termination of the work for the bank.

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### BRUXELLES

CHRISTOPHE RAFIN

## Sanctions of Violations

The Swiss Banking Secrecy is enforced on several levels:

- (i) **Civil Liability:** Any breach of the duty of secrecy is considered a breach of the bank - customer relationship and exposes the bank and any employee disclosing information protected by Banking Secrecy to civil liability (damages).
- (ii) **Penal Offence:** Pursuant to article 47 of the Swiss Banking Act ("SBA"), every person in a position to obtain confidential information in relation to the customer of a bank, in particular any member of a governing body, officer, employee, agent, liquidator or commission agent of a bank, is subject to imprisonment, and/or a fine or both, if the offender intentionally disclosed a confidential fact of which he became aware in his professional role.
- (iii) **Regulatory Sanctions:** Furthermore, the breach of the duty to secrecy by a bank's employee must be reported to the Federal Banking Commission ("FBC"), the Swiss supervisory authority. The FBC will most likely impose sanctions upon the bank, which may go as far as the withdrawal of the banking license and mandatory liquidation of the bank.

## Disclosure Rules for Information Protected under the Banking Secrecy

However, the Banking Secrecy is not unlimited. In particular, Banking Secrecy laws and rules do not generally prevent the disclosure of information to courts and administrative authorities when banks are asked to testify under applicable Federal and Cantonal rules of civil or criminal procedure. This is true even for so-called numbered accounts. Numbered accounts are regular bank accounts, the only particularity being the fact that within the bank only a limited number of (high level) employees know the identity of the customer. Contrary to a common misconception, such accounts have no privileged status whatsoever with respect to the disclosure of information to courts or administrative bodies in a criminal or civil procedure.

Information protected by Banking Secrecy may be disclosed by the bank under the following circumstances:

- (i) **Waiver by the Customer:** Given that the Banking Secrecy is intended to exclusively protect the customer's confidentiality and not the bank's, the customer may at any time waive his or her contractual right to secrecy by authorizing the bank to disclose information to third parties.
- (ii) **Grounds for Disclosure without a Customer's Consent:**
  - (a) in a national context:
    - \* *Federal or State Rules of Criminal or Civil Procedure:* Banking secrecy rules do not give banks a general privilege not to testify in criminal or civil procedures. A Swiss bank may be ordered or authorized to disclose confi

dential information either by a Swiss court in civil procedures or a Swiss prosecutor or criminal court in criminal matters.

- *Disclosure under Administrative Law:* Under the SBA, a Swiss bank, must among other things, disclose all information to the FBC if the FBC so requires in the course of its supervisory activities. A bank is further obliged to disclose information to its auditors and, in a bankruptcy, to the administrator. Furthermore, in case of suspicion of money laundering, it shall inform the Swiss Federal Control Office for Money Laundering of its suspicion, as provided for by the Swiss Money Laundering Law.

(b) in an international context:

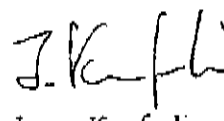
- *International Judicial Assistance:* In an international context, a Swiss court or administrative authority may issue an order to disclose information on the basis of a request for international judicial assistance by the competent foreign authority filed via diplomatic channels with the Swiss authorities. Such a request for international judicial assistance must be authorized by the competent Swiss courts in case of civil litigation or by the Swiss Federal Police Office (Bundesamt für Polizeiwesen) in case of criminal litigation (*n.b.* international judicial assistance in criminal matters between the U.S. and Switzerland is governed by the Treaty for Mutual Judicial Assistance in Criminal Matters of 1973, as amended).
- *Disclosure under Administrative Law:* Furthermore, the FBC may order a Swiss bank to disclose privileged information upon a respective request of a foreign supervisory authority. However, such information will only be exchanged if the foreign authority (a) uses such information exclusively for the purpose of direct supervision of the stock exchanges and the trading in securities; (b) is bound by official or professional secrecy; and (c) does not, without the prior consent of the Swiss supervisory authority or by virtue of a general authorization clause in an international treaty, forward such information to other authorities or to bodies.

This summary is limited to the laws applicable in Switzerland at the date of this writing and addressed to Credit Suisse First Boston and to the persons and authorities at CSFB's discretion.

Yours faithfully,

Pestalozzi Gmeier & Patry

  
Hans Bollmann

  
Juerg Koefler